

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS  
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Auditor - Controller	(2) MEETING DATE 11/20/2012	(3) CONTACT/PHONE Kerry Bailey 788-2979	
(4) SUBJECT Review of the District Attorney's Office State of California Department of Insurance Workers Compensation Insurance Fraud Program Grant for Fiscal Year 2011-12.			
(5) RECOMMENDED ACTION It is recommended that the Board receive the item and file.			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Board Business (Time Est. _____)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP  N/A	(15) BUSINESS IMPACT STATEMENT?  No	(16) AGENDA ITEM HISTORY  <input type="checkbox"/> N/A    Date <u>July 18, 2006</u>	
(17) ADMINISTRATIVE OFFICE REVIEW  <i>Nikki J. Schmidt</i>			
(18) SUPERVISOR DISTRICT(S) All Districts -			

## County of San Luis Obispo



TO: Board of Supervisors  
FROM: Gere W. Sibbach, Auditor-Controller  
DATE: 11/20/2012  
SUBJECT: Review of the District Attorney's Office State of California Department of Insurance Workers Compensation Insurance Fraud Program Grant for Fiscal Year 2011-12

### **RECOMMENDATION**

It is recommended that the Board receive the item and file.

### **DISCUSSION**

The objective of our review was to determine the County of San Luis Obispo District Attorney's Office compliance with the State of California Department of Insurance grant program guidelines.

### **OTHER AGENCY INVOLVEMENT/IMPACT**

The District Attorney's Office administers the grant.

### **FINANCIAL CONSIDERATIONS**

Total grand funds awarded were \$65,000 for fiscal year 2011-12.

### **RESULTS**

We determined that the department is in general compliance with the grant program guidelines with the exception of the Finding and Recommendations detailed in the attached report. The District Attorney's Office agrees with the finding and recommendations and will implement the corrective action noted in the attached report.

The Auditor-Controller's review of grant programs helps maintain and improve internal controls and procedures for grant compliance by County staff and contributes to the County's vision of a well-governed community.

### **ATTACHMENTS**

1. Worker's Comp report

## County of San Luis Obispo

### Office of the Auditor-Controller

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**GERE W. SIBBACH, CPA**

**JAMES P. ERB, CPA, Assistant**


**LYDIA CORR, CPA, Deputy**

**JAMES HAMILTON, CPA, Deputy**

Email [auditor@co.slo.ca.us](mailto:auditor@co.slo.ca.us)

TO: GERALD T. SHEA, DISTRICT ATTORNEY

FROM: GERE SIBBACH, AUDITOR-CONTROLLER

VIA: JAMES P. ERB, ASSISTANT AUDITOR-CONTROLLER 

DATE: OCTOBER 30, 2012

SUBJECT: REVIEW OF THE STATE OF CALIFORNIA DEPARTMENT OF INSURANCE  
WORKERS' COMPENSATION FRAUD PROGRAM GRANT FOR FISCAL YEAR 2011-12.

Our office recently completed a review of the State of California Department of Insurance Workers' Compensation Fraud Program Grant for fiscal year 2011-12. Please respond to the Findings and Recommendations within ten business days of receiving this report. The response should include the corrective action the District Attorney's Office will be making to remedy the Findings.

#### Purpose

The objective of our review was to determine The County of San Luis Obispo's compliance with the State of California Department of Insurance grant program guidelines.

#### Scope

We conducted our audit using generally accepted auditing standards and the *Government Auditing Standards* published by the Comptroller General of the United States (revised December 2011). Our work included review of grant payments received; grant expenditures, including hours of staff assigned to the grant; statistics of cases used to measure grant performance; and the department's internal controls. Our evaluation of internal controls was limited to inquiries of departmental staff and direct observations.

#### Results

We determined that the department is in general compliance with the grant program guidelines with the exception noted in the Findings and Recommendations section of this report. The department received \$65,000 in grant revenue and expended a total of \$59,383 in salaries and benefits. Management states that a request for carryover of the remaining \$7,465 of grant funds was submitted to the Department of Insurance (DOI), and we confirmed that the State accepted the request on October 11, 2012.

We determined expenditures were made for the purposes of the program as specified in Section 1872.83 of the Insurance Code and California Code of Regulations, Title 10, Section 2698.50 et. Seq.

#### Findings & Recommendations

1. The cost accounting code used to track the Workers' Compensation Fraud Program grant was not included on two of the three deposit permits entered in fiscal year 2011-12 due to an oversight by staff. Deposits of warrants received from the California Department of Insurance for the grant should be posted to the appropriate cost accounting code. When proper coding is not utilized it is difficult for staff to track revenue received for the grant.

Recommendation: Staff should take care to input the correct cost accounting code when entering and parking the deposit permit. Periodic supervisor review of deposit permits and revenues should be conducted to ensure that appropriate cost accounting codes are being used.

#### Department Response

We received your office's response to our Findings & Recommendations subsequent to the issuance of our final report. As stated the District Attorney's office agrees with the findings and recommendation, and as part of the end of month accounting process, deposit permits and revenues will be reviewed to ensure appropriate cost accounting codes are used.

We appreciate the courteous attitude of your staff and the cooperation we received during the course of our review.